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HONG KONG

The influence of Hong Kong upon progress in China was expressed by the late Dr. Sun Yat-Sen, founder of the Chinese Republic, when he came to the colony in 1923 and visited the University. He said,

"I feel as though I had returned home, because Hong Kong and its University are my intellectual birthplace. I have never before been able to answer the question properly, but now I feel I am in a position to answer it today. The question is 'Where did I get my revolutionary and modern ideas from?' The answer is 'I got them in this very place, in the Colony of Hong Kong'. I compared Hounghshan (his birthplace) with Hong Kong, and although they are only fifty miles apart, the difference of the government oppressed me very much. Afterwards, I saw the outside world, and I began to wonder how it was that foreigners could do so much as they had done, for example, with the barren rock of Hong Kong within seventy or eighty years, while in four thousand years China had no place like Hong Kong... Then the idea came into my head. Why cannot we do the same thing in China? We must imitate the same thing. We must change the government before we can start anything. Without good government, the people can do nothing, and in China we have no government, and were miserable for centuries... My fellow-students, you and I have studied in this English Colony, and in an English University. We must learn by English examples. We must carry this English example of good government to every part of China."

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THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO
CHICAGO, ILLINOIS
JANUARY 1950

TO THE PRESIDENT OF THE UNIVERSITY OF CHICAGO
FROM THE DEAN OF THE FACULTY

SIR:

I have the honor to acknowledge the receipt of your letter of the 10th inst. and in reply to inform you that the same has been forwarded to the appropriate authorities for their consideration.

I am, Sir, very respectfully,
Yours very truly,
[Signature]

INTRODUCTION

Within less than a hundred years, Hong Kong, the British Crown Colony off the Southeast China Coast, was built up from the headquarters of a few pirates and fishermen to a great center of international trade. Its prosperity was based upon geography, free trade, and the security of British rule, and it was undoubtedly of great value both to China and to the Western nations. In addition it became a cultural center, with students from all over China and from other foreign countries studying at its University.

The problems of Hong Kong cannot be considered in isolation from those of China. It has always been dependent on its hinterland for the means of air and land defense and for its water supplies. The fact, also, that so large a portion of its population is Chinese makes its political relations with China a matter of primary importance.

HISTORY

The first real British commercial contacts with China were made at the end of the 17th century by the East India Company. The Chinese, however, showed little inclination to open their country to foreign traders. Canton was the only port where any external trade was allowed, and there the restrictions on residence and commerce seemed unbearable to Western merchants. The British sought to obtain a position from which trade could be carried on without the insecurity and inconveniences of the factory area at Canton. The harbor at Hong Kong and its geographical position marked it as an excellent center for trade, and the fact that it was an island meant that it could be defended by the Navy. But the Chinese steadily refused to grant any facilities for trade except those provided at Canton.

In 1839 war broke out between Britain and China. This became known as the "Opium War". The import of opium into China had been prohibited by Chinese imperial edict in 1800, but without any provision for enforcing the prohibition. Consequently a large illicit trade sprang up in which both Chinese officials and foreign merchants participated. Those Chinese officials who did genuinely wish to suppress the traffic sought to do so by measures directed against the foreign traders rather than against the smugglers. They seized British and other foreign opium stocks in Canton, and held the British community as hostages. The war which followed this incident, however, was in reality the climax of a long series of grievances on both sides arising out of the general conditions of trade and China's refusal to agree to diplomatic intercourse for the discussion of these grievances. The Chinese were defeated, and the war ended in 1841. In the settlement, the British obtained the cession of Hong Kong, still a desolate, rocky area, which had been used as a base for British naval and

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military operations. The cession was confirmed by the Treaty of Nanking in 1842 which stated that it was "obviously necessary and desirable that British subjects should have some port whereat they may careen and refit their ships when required, and keep stores for that purpose".

Other important provisions in the Nanking Treaty included the opening to foreign trade of the ports of Canton, Amoy, Foochow, Ningpo, and Shanghai; the appointment of Consular Officers to be on an equal footing with Chinese officials; and a uniform import and export tariff. All these conditions were immediately made available to the traders of other European countries and of America. The only mention of opium was the assessment of an indemnity of approximately half the value of the stocks seized by the Chinese, and the provision for repayment. No provision was made for the legalization of the opium trade.

In 1860, the Kowloon peninsula on the mainland was added to the colony of Hong Kong for defensive purposes. It was ceded at the close of a war fought by Britain and France against China who, besides ceding Kowloon to Britain, granted certain further rights to all foreign traders. These included permission to travel freely in the interior, to appoint diplomatic representatives in Peking, and to send out Christian missionaries, whose converts were to have a legal guarantee of toleration. In 1898, following the seizure of Kiaochao by the Germans and of Port Arthur by the Russians, the British Government demanded and obtained a 99 years' lease of a larger strip of mainland, since known as the New Territories. This area gives the colony a hinterland, some 18 to 20 miles in depth, and includes also some of the nearby islands and waters adjoining the harbor.

Almost a century of uninterrupted peaceful development followed the Treaty of Nanking. On Christmas Day 1941, Hong Kong was captured by the Japanese, and remained in Japanese hands until August 1945 when it was liberated by British naval forces.

AREA AND POPULATION

The colony lies off the south-east coast of China, to the east of the Pearl River estuary. It consists of the island of Hong Kong (32 square miles), the peninsula of Kowloon ($3\frac{1}{4}$ square miles), Stonecutters Island ($\frac{1}{4}$ square mile), and the New Territories (355 square miles), a total of $390\frac{1}{2}$ square miles).

The island of Hong Kong is 11 miles long and from two to five miles wide. It is dominated by a range of treeless hills that rise steeply to a maximum height of 1,823 feet, and contains the capital city of Victoria. Kowloon peninsula, which is fairly flat, has developed as a residential suburb, and contains the main industrial district. The New Territories are mostly steep and barren, rising at one point to a mountain of 3,130 feet. Northwest

of this mountain lies the colony's largest area of cultivable land. Villages exist wherever cultivation is possible. The New Territories include 75 adjacent islands, many of which are uninhabited.

The climate is sub-tropical, and is governed largely by the monsoons. The winter is normally cool and dry, and the summer hot and humid.

The harbor, developed by the British into one of the finest in the world, lies between the island of Hong Kong and the mainland. It is an almost landlocked sheet of water, varying in width from one to three miles. It is entered from the East by a deep water channel a quarter of a mile wide, and, from the West, is protected by a group of islands through which a shallower channel gives access for coastal vessels.

In the middle of 1937, before the outbreak of the Sino-Japanese War, the total population was estimated at just over 1,000,000, of whom all but 22,500 were Chinese. A rough census taken in 1941, which shows clearly the great influx of refugees from China caused by the Japanese war, gave the figure of 1,639,337. During the Japanese occupation of Hong Kong from 1941 to 1945, the population fell to less than three-quarters of a million. Many people escaped to Free China, and the Japanese deported large numbers in an effort to reduce the population to a size that they could feed. As soon as the British returned, another great influx of people from South China began, and by the end of 1946, the population was again in the neighborhood of 1,600,000.

Racially, Hong Kong is overwhelmingly Chinese. From earliest times it was a field of free immigration from China, and the gateway of overseas migration, in particular southwards towards Malaya. Prosperity in Hong Kong has always brought an influx of immigrants attracted by the prospect of better wages or more stable conditions, while depression has led to the departure of the unemployed back to their native villages. Expansion was greatest in the towns of Victoria on Hong Kong Island, and Kowloon on the mainland. Although the majority of the Chinese population is migratory, the number of Chinese permanently settled in Hong Kong has tended to increase, and the 1931 census figures showed that almost one-third of the Chinese population in Hong Kong had been born there, and were, therefore, British subjects, though according to the National Law of China they were also Chinese citizens.

Before the war, the Chinese held every kind of position in the colony. Their numbers included wealthy merchants, shipowners, bankers, professional men and women, small storekeepers, domestic servants, and manual laborers. Some 77,451 fisher-folk formed a race apart, living aboard their boats, by habit self-sufficient and migratory, and literally a floating population.

Of the non-Chinese inhabitants, the majority of British subjects in Hong Kong, other than members of the armed forces, were engaged in commerce, banking, shipping, etc., with only a small minority as civil servants or belonging to other professional classes. Other Europeans and Americans were mostly business people, and non-permanent residents. The Portuguese and Eurasians were, for the most part, permanent residents, coming originally from Macao, the Portuguese colony 40 miles across the delta, and were storekeepers and clerical workers. A number of British Indians were included in the troops stationed at Hong Kong; there was a Sikh contingent of the police, and a small number of Indian clerical workers and storekeepers.

By the end of 1946, the great majority of the population was still Chinese. There were, however, between six and seven thousand persons from Britain and the Dominions, about 2,500 Indians, 870 Portuguese (besides some 3,000 British subjects of Portuguese race, many of whom had spent the war in the Portuguese colony of Macao), 250 Americans, about 250 stateless persons, and a sprinkling of almost every nation and race in the world.

GOVERNMENT

Before the recent war, the Colony enjoyed a limited measure of self-government. The Governor represented the Crown, and assisting him were an Executive Council of six official and three unofficial members (one of whom was Chinese), and a Legislative Council of 17 members, nine official and eight unofficial (three of whom were Chinese), appointed by the Governor.

A Secretariat for Chinese Affairs was in charge of the interests of the Chinese population. The Secretary and three Assistants were Europeans, the rest of the staff were Chinese. The Europeans were cadets of the Administrative Service, and were required to have a command of the Chinese language. Any Chinese had direct access to the European officers, and the absence of interpreters was important in placing applicants at their case. The Secretary was the special adviser of government on all questions affecting the Chinese, and was a member of both Councils. Another of his important duties was to explain intended policies, and to obtain Chinese cooperation. The Department gained the confidence of the Chinese to such an extent that they came to accept it as an arbiter in many disputes among themselves, even those of a family nature.

Government policy was based upon the necessity of conducting a Western administration amongst a predominantly Chinese population, and the Governor was in the position of governing by means of compromise and persuasion rather than by the use of his legal powers. The problems were mainly technical ones, of a city management type amongst a migrant population. Procedure was to prepare all business, and resolve all conflicts as far as possible



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before legislation came up before the Legislative Council or for public discussion.

One of the most important organs of the government was a body of fifteen Chinese known as the District Watch Committee. Theoretically, it was a group appointed by the Governor to manage a Chinese police unit known as the District Watch Force. In reality, the members constituted the Governor's informal but very important advisory council on all questions affecting their community, and it became in effect the Chinese Executive Council. Its members were appointed from among the most responsible men in the colony, usually after long service on other committees.

Semi-official Chinese committees dealt with charitable and educational matters. The most important was the Tung Wah Hospital Committee which, in addition to managing three hospitals, performed many valuable social services among the Chinese. The Chinese Public Dispensaries Committee played an influential part in disseminating western ideas of hygiene and sanitation. Another semi-official committee looked after the welfare of women and girls. Altogether, a large number of charitable organizations were and still are in the hands of the well-to-do Chinese.

When civil government was restored on May 1st, 1946, the Governor was instructed to consult with all sections of the community in Hong Kong how they might best take a fuller share in the conduct of their own affairs. After discussions lasting some six months, recommendations were sent to the Secretary of State for the Colonies. These received his general approval, and the plan of the new constitution was published in July 1947.

This constitution has two main features. It establishes a representative Municipal Council to take over as many functions of the central government as are appropriate to it, and it modifies the composition of the Legislative Council.

The Municipal Council will embrace the island of Hong Kong, Kowloon, and that part of the New Territories known as New Kowloon. The remainder of the New Territories is excluded for the present because of its rural character. There will be thirty members, half Chinese and half non-Chinese. Two-thirds of the members will be directly elected, and one-third will be nominated by unofficial bodies. The Council will elect its own Chairman, and English will be the official language.

In the Legislative Council, the official members will be reduced from nine to seven. There will still be eight unofficial members, but only four will be appointed by the Governor, while two will be appointed by the Municipal Council, and one each by the Chamber of Commerce and the unofficial Justices of the Peace.

That part of the New Territories not under the Municipal Council will remain, as hitherto, under the supervision of a District Officer. This officer is assisted and advised by village elders, and by a Senior Advisory Council of the most senior of the elders. Before the war, there was no clearly defined method of appointing elders. They were often, in fact, self-appointed and age, which is revered in China, counted for a good deal. During the Japanese occupation, some of the elders died, a few collaborated, and a schism developed between the older and the younger men. It has now been found that the only method of choosing a council of elders who could be regarded as representative, is by elections. These were therefore held in 1946 and early in 1947, and it is intended that the elders themselves shall elect a Senior Advisory Council from among their number.

Colonial Development and Welfare Funds

Hong Kong receives £1,000,000 (\$4,000,000) from the British Treasury under the Colonial Development and Welfare Act, for schemes of social and economic development during the period 1946-56. A widely representative committee has been set up to plan how this money shall be spent. Hong Kong will also share in the schemes administered in London for the benefit of all the colonies, which include such matters as higher education, research, and meteorology.

TRADE AND INDUSTRY

Under British administration, Hong Kong grew to be the entrepot for a great part of the trade of South China. Except for light duties on alcoholic beverages, tobacco, and petroleum, it was always a free port. Even in the difficult post-war period, restrictions on trade have been kept to a minimum.

During the 19th and early 20th centuries, American exports to China were much less than British, and those of Japan were insignificant. Manufacturing in China virtually did not exist, tariffs were low, and the export of Lancashire cotton textiles was the backbone of British trade with China. This situation changed in the period between the two world wars when the Chinese Government began fostering native manufactures. Heavier duties were imposed, the relative importance of textiles declined, and that of machinery and electrical goods increased. The bulk of the textile market, which before 1931 had been largely in the hands of the British, was captured by the mills in China and Japan. Germany, Britain, and the United States were the principal suppliers of machinery and iron and steel goods.

Hong Kong's position as a focal point for commerce between China and the West meant that its prosperity was dependant on local conditions both in China and in western countries. Imports and exports fell from approximately \$625,000,000 in 1919 to approximately \$279,600,000 in 1938. This was due partly to wars and disturbances in China, which brought about a reduction in imports into Hong Kong

partly to the years of depression in the West which considerably lessened the volume of trade between China and Western countries.

At the height of its prosperity, in 1921, no fewer than 672,680 vessels, totaling 43 1/2 million tons, (excluding fishing junks) entered and cleared the harbor, which was excellently equipped with shipping and storage facilities. Most of the largest ocean-going steamers plying to and from the Far East loaded and unloaded portions of their cargo there, and it thus became by far the most important center serving the Far East.

In the years preceding the outbreak of World War II, the colony became noted for its shipbuilding and repairing. Engineering and shipbuilding are the colony's only heavy industries. Light industries include textiles, rubber goods, buttons, leather goods, cigarettes, matches, preserved ginger and confectionery, canned goods, glassware, and paint. These industries are almost entirely in Chinese hands, and most of the factories are Chinese owned and managed.

The value of the total visible trade of Hong Kong amounted in 1938 to approximately \$152,000,000 in imports, and \$126,400,000 in exports. One third of the imports was of goods for consumption in Hong Kong (including raw materials for certain industries), and came from Chinese and non-Chinese countries in a proportion of one to three. About one-tenth of the exports was of Hong Kong origin. Re-exports constituted 2/3 of the imports and 9/10 of the exports. Of these, about 10% consisted of Chinese coastal trade, i.e. goods imported from a non-Chinese country, and re-exported to another non-Chinese country. Nearly 70% consisted of goods passing between China and the rest of the world via Hong Kong. It will be seen from these figures that that part of Hong Kong's trade which is concerned with China alone is less than that which is not concerned with China at all.

Of imports, foodstuffs formed the largest item. Other chief items were cotton, cotton yarn, woolen and silk manufactures, machinery and tin. In 1938 the Government monopoly in opium represented less than 1% of the revenue of Hong Kong. The British Government, as a signatory of the Hague Convention of 1912, adopted the policy of the gradual suppression of opium smoking. By creating a Government monopoly, and by gradually increasing the price, consumption was discouraged until it reached a point where in 1943 the British Government was able to announce that a policy of total prohibition would be applied to all British territories in the Far East when they were liberated from the Japanese.

Hong Kong was a very important banking center owing to its position as the entrepot for South China's trade. The banks of the colony were therefore pre-eminently foreign exchange banks. One of their important features was the receipt of remittances from Chinese abroad for transmission to their families in China or for investment there. Another was the issuing of currency notes. It has been estimated that between three and four million Chinese

sent remittances to the banks, and that the annual average from 1914 to 1930 was Chinese \$200,000,000.

Post-War Rehabilitation

At the end of August 1945, the economic life of Hong Kong was dead. The population was greatly reduced, utilities were barely functioning, there was no food, no shipping, no industry, no commerce. The British Military Administration, together with the people of Hong Kong, who are always resilient and industrious, set themselves at once to restore the colony to its proper place in the commercial life of the Far East.

By November 1945, Hong Kong was formally opened to private trading, and the total value of foreign trade jumped from \$3,000,000 in November to \$7,000,000 in December. Early in 1946 the value of trade had topped the pre-war level, and by the end of the year had reached \$48,500,000 per month as against \$30,000,000 before the war. These figures do not, however, represent a corresponding increase in the volume of trade, since the value of all goods is very much greater than before the war. Shipping also made a fairly rapid recovery, and port facilities, though in a bad state of repair, were speedily rehabilitated. By the middle of 1946, turn-around was almost normal, and by the end of the year, ships entering the port had reached about 40 per cent of the pre-war level. Industry has been slower to recover owing to lack of raw materials, but law and order, a stable currency, and an economy screened from disastrous inflation attracted much business to Hong Kong during the year following the British re-occupation. Business men were encouraged to rebuild their concerns, and many who had no pre-war interest in the colony have established themselves there.

COMMUNICATIONS AND TRANSPORT

In addition to having one of the finest natural harbors in the world, Hong Kong, at the outbreak of the recent war, was an important air junction of the Far East. This was partly due to its commercial position, and partly because it had become the terminus of the British and French lines from Europe of Pan-American Airways line from San Francisco, and the Chinese N.A. Company from Chungking. Since the war, both passenger and freight traffic has increased. Passenger traffic during 1946 was three times as great as in 1938.

Hong Kong is also the railroad terminus of South China. The Kowloon-Canton Railway, connected with the Canton-Hankow line, formed one of the main lines of supply to China in her defense against Japanese aggression until the fall of Canton in 1938. There were also river services connecting Hong Kong with Canton and the neighboring Chinese territories. Internal communications in the colony were excellent, roads were ample, and there was an efficient service of motor buses.

The task of putting the Hong Kong-Canton railroad into operation again after the Japanese occupation has not been easy. The Japanese carried out no maintenance of railroad property, not even of locomotives, and the workshops at Kowloon were completely stripped of machinery. By November 1945, a through train service had been started, and by the end of 1946 conditions had improved still further, though they were still considerably below pre-war level.

Internal communications were also found in a poor condition after the Japanese occupation. While the Japanese built two new roads, both of which are useful, and will be maintained, the old roads suffered considerably from neglect, and to some extent, from bombardment. Only 15 out of 112 street-cars remained serviceable, and almost all buses and stocks of spare parts had been carried off. By the end of 1946, however, considerable progress had been made in restoring these services.

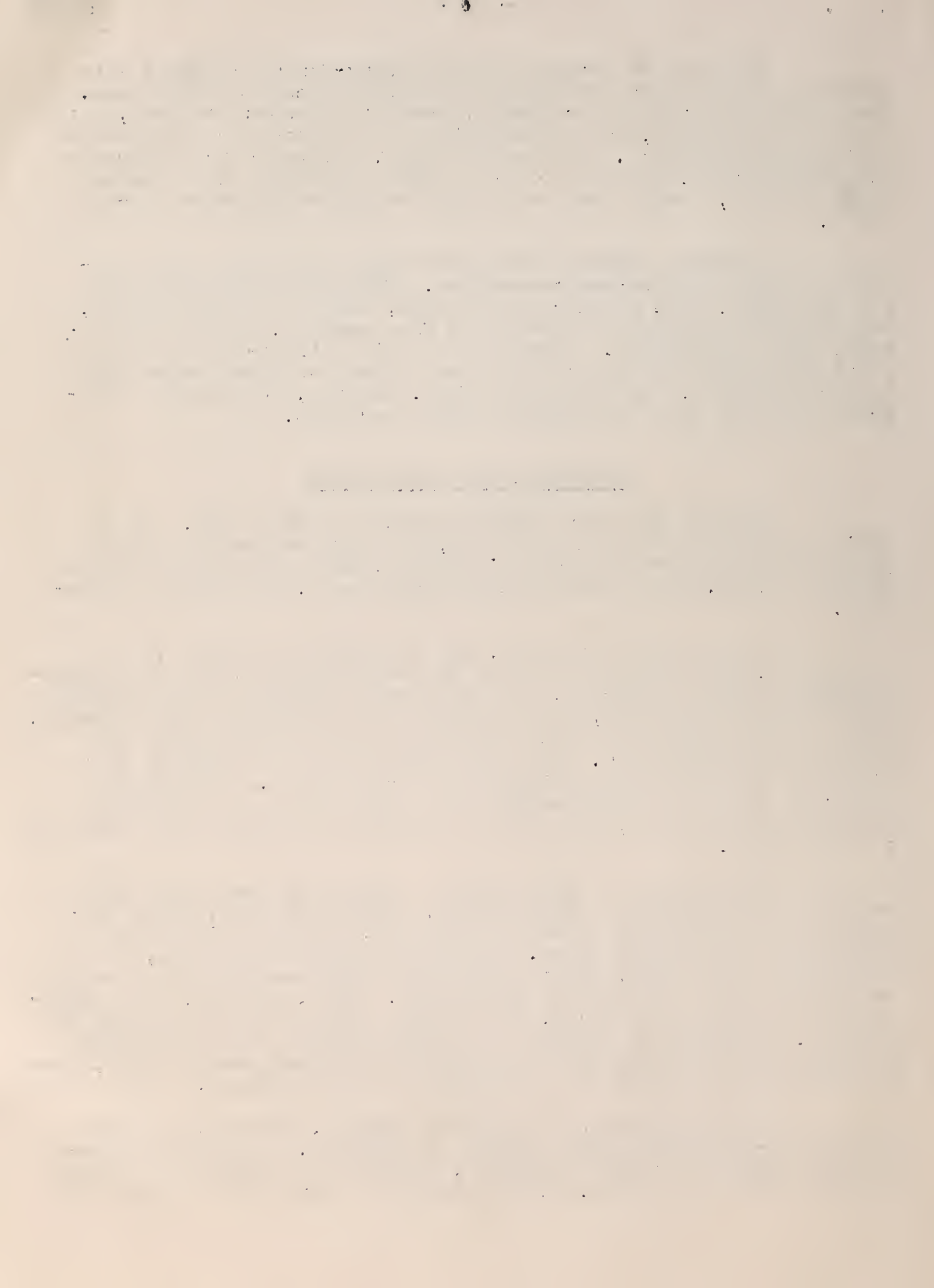
FISHERIES AND AGRICULTURE

Fish is the main primary product of Hong Kong. It is estimated that in 1938 there were 5,500 large and small fishing junks operating from the colony's waters, and that the equivalent of some \$6,750,000 was invested in junks, gear, and general equipment.

At the end of the war, the industry was almost at a standstill, the fishing fleet was in poor condition, and the fishermen were in great distress. The government provided rehabilitation loans to the fisherfolk, and a scheme for reorganizing the industry, worked out during the period of internment in Stanley Camp, has been put into operation. This plan includes the setting up of a Fisheries Department and a Fisheries Co-operative. The primary object of this new organization is to ensure that the fisherman receives a fair price, and that the profits go to him rather than to the middleman.

Agriculture in Hong Kong is limited by the rugged and mountainous character of the country. Before the war, about one-tenth of the population lived on the land, and some 20% of the colony was under cultivation. The main products were rice, vegetables, and fruit, but the quantities produced were very small compared to the needs of the population. Pigs, poultry, and ploughing cattle were also reared, and a dairy industry was beginning to grow up. Just before the war, it became evident that the natural resources of Hong Kong could be further developed, and in 1941, plans had been made to establish a Department of Agriculture.

Both agriculture and animal farming, however, suffered a severe set-back during the Japanese occupation. The land was exhausted through lack of fertilizer, the balanced production of rice and vegetables was upset, and the number of livestock very greatly



reduced. The Department of Agriculture was, however, set up without delay after the reoccupation, and the work of restoring the farming industry and of establishing it on much more scientific lines was taken in hand. The production of rice and vegetables began to increase, and although the first rice crop in 1946 was below pre-war average owing to a spring drought, the second crop was one of the best within living memory. Pig-raising and the dairy industry have also improved considerably since the end of the war.

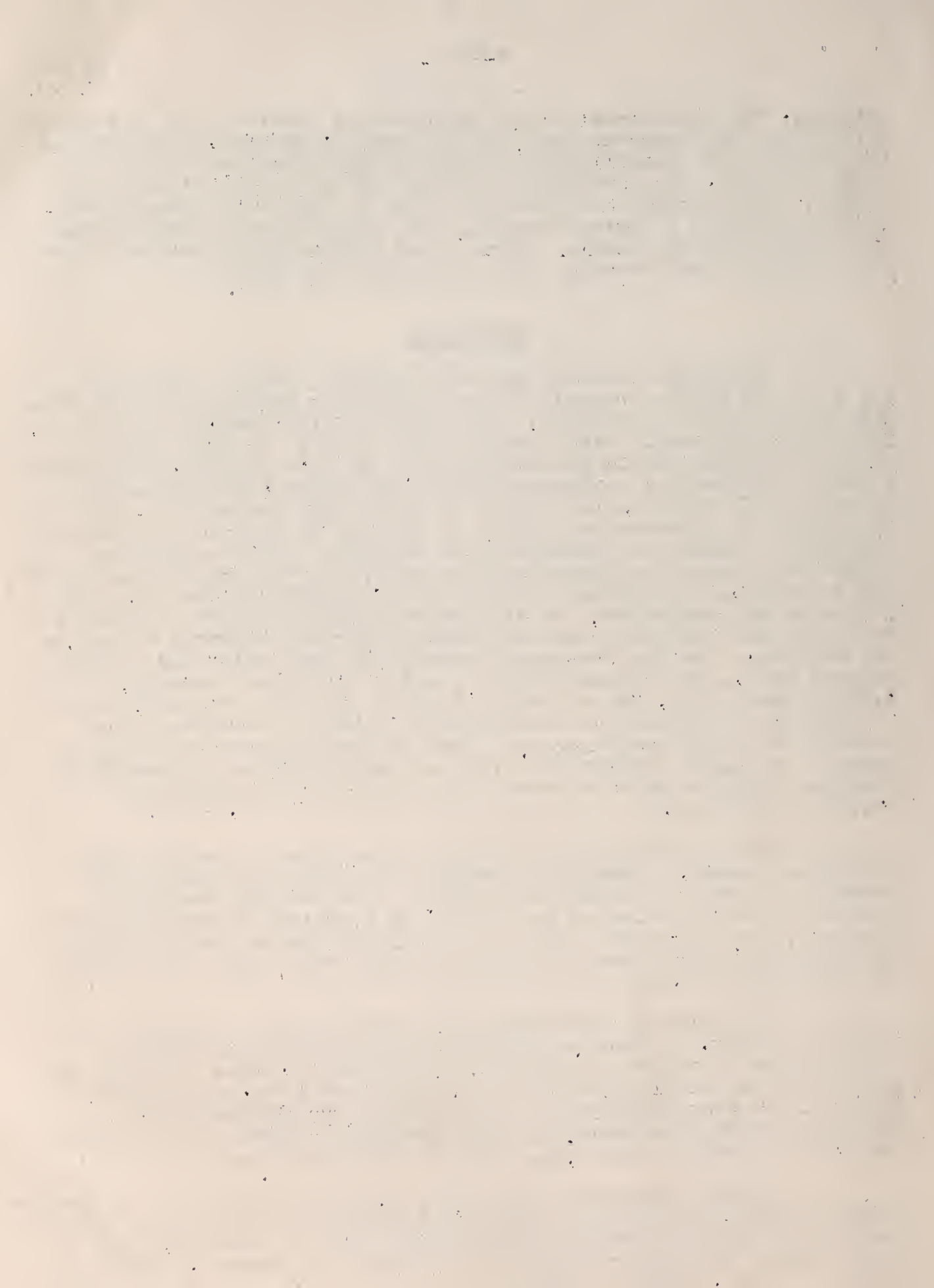
EDUCATION

Education in Hong Kong is voluntary, and is largely in the hands of the Government and of missionary bodies. All schools, unless specifically exempted, must register with the Director of Education, and comply with certain regulations. In 1941, there were 649 schools within the urban area. Of these, 9 were Government schools, staffed and maintained by the Education Department, and 20 were grant schools, run mainly by missionary bodies, with the assistance of a Government grant. A further 91 were in receipt of a Government subsidy to enable them to maintain adequate teaching standards without charging exorbitant fees. The vast majority, however, 529 in number, were private schools which either were not in need of Government assistance, or did not reach the required standards. There are also military schools catering for the children of men in the Services. In the Government schools in 1941 there were 1,500 primary and 1,199 secondary pupils, and in the grant schools, 6,346 primary and 3,274 secondary pupils. Owing to the destruction of records, no figures are available of pupils in subsidized and private schools in urban areas. But in the colony as a whole, there were 16,353 primary and 6,931 secondary pupils in subsidized schools, while in private schools the numbers were 50,814 and 25,951 respectively.

Rural education was mainly in the hands of private and subsidized schools, though the Government maintained two primary schools in rural areas with 400 pupils. The Evening Institute carried on evening classes for adults in technical and educational subjects, and a two-year course of teacher training was given at the Government's Northcote Training College where there were about 75 students in 1941.

The language of instruction varies from one category of school to another. In some, English alone is used, in others Chinese, and a number of schools have classes in both. Most of the grant schools use English, and the subsidized and private schools Chinese. Secondary education in English is provided mainly in Government and grant schools, while the other schools are concerned chiefly, though not entirely, with primary education.

During the enemy occupation, considerable damage was done to school buildings, and there was a heavy loss of school books, and of equipment and furniture much of which was used as firewood. By August 1945, the number of pupils in school had shrunk to 3,000 as compared with 120,000 in 1941.



Two months after the British re-occupation, however, the number of pupils had risen again to some 18,000, and by the end of 1946 there were more pupils attending primary schools than in 1941, though in secondary schools the revival was less satisfactory. the re-opening of Trade and Technical schools is dependent on the arrival of new equipment, but the Evening Institute and the Northcote Training College are functioning again, and a new Rural Training College has been opened in the New Territories.

Hong Kong University

The University of Hong Kong was established in 1911. One of its objects was to maintain good understanding with China, and efforts were made to maintain and develop it, in cooperation with the universities of China, as a focal point of British and Chinese cultures. Many students came there from Malaya and China. There were faculties of medicine (the University had absorbed the College of Medicine founded in 1887), engineering, arts, and science. The standards were those of London University, and the medical degree was recognized by the General Medical Council of Britain.

In 1941, on the eve of the Japanese invasion, a new science building was opened, and plans had been approved for an annex to house the increasing number of students. Owing to the destruction of records, the exact number of students attending the University in 1941 is not known, but there were considerably more than the 516 recorded in 1939-40. In addition, hospitality was given to some 500 students of Lingnan University who had been driven from Canton by the Japanese.

During the Japanese occupation, the University buildings suffered from wholesale looting. Every vestige of equipment, fittings and woodwork was removed from the new science building and the medical schools. Seven members of the staff lost their lives during hostilities and the occupation, but two European members of the staff escaped to Free China where they were able to help the many students who had also made their way there. Lingnan University, which had succeeded in establishing itself in temporary quarters in Free China, was able to return the hospitality given to its own students in Hong Kong, and in recognition of this assistance, the Hong Kong Government has since made a gift of HK\$20,000 (\$5,000) towards Lingnan's rehabilitation.

The future of Hong Kong University is being considered by a special committee set up by the Secretary of State for the Colonies. Meanwhile, first year classes in all the faculties were opened in October 1946 with an attendance of 78 men and 31 women. Work also began in 1946 on the rehabilitation of the new science building and of some of the residential buildings.

HEALTH AND WELFARE

The Medical and Health Departments were reorganized and greatly expanded after 1920. Their greatest problem was that of dealing with a large population ignorant and distrustful of Western health methods. Two varieties of hospitals were maintained, the government hospitals where Western medicine was practiced, and the Chinese hospitals, which received a government grant, and where patients could choose between Western and Chinese methods of treatment. The Chinese also maintained nine dispensaries, and within recent years government welfare-centers (or out-patient dispensaries) had become popular.

The Medical Department also controls the Malaria Bureau and the Bacteriological Institute. It is responsible for the inspection of the Chinese hospitals and dispensaries, maternity and child-welfare centers, and school clinics.

Sanitary conditions have always been a primary problem in public health, owing to the poverty of the dense urban population, and its migratory character. Influential Chinese played a very important part in combating this problem. One of the major questions of health in Hong Kong was that of the water supply. For this, the colony relied upon the mainland, for rainfall was not always sufficient to meet the needs. Shortages occurred in periods of drought, while the rapid growth of the population, and the success of the campaign to raise standards of personal hygiene and public health made over-increasing demands on the water supplies. The necessity of finding new sources of water led to work being started in 1923 on the Shing Mun Valley Scheme to tap the small rivers and streams of the New Territories. The huge Shing Mun River Dam was opened in 1935. In 1930, a cross-harbor pipe-line was laid to convey water to the Island. Between 1920 and 1935, the cost of constructing new water-works had amounted to some \$8,000,000, and it was hoped that the water problem had been solved for some time to come.

Since the end of the war, public health has had to be maintained under exceptionally difficult circumstances. Serious overcrowding, shortage of food, damaged sewers, and an uncertain water supply are some of the problems with which the Medical Department has had to contend. Yet the standard of health during 1946 was extremely high, and mortality rates were the lowest on record.

In the course of the war, some 160,000 persons were displaced by the destruction of houses. The great majority of these, who were Chinese of the poorer classes, crowded into the tenements that remained intact, while thousands of the newcomers who poured into Hong Kong after the British returned, found shelter only in partially demolished buildings or insanitary shacks. Many of the latter came from China with no knowledge of urban life or the rudiments of sanitation.

The re-establishment of the Hong Kong dollar in September 1945, and the consequent worthlessness of the occupation yen, produced a situation where ninety per cent of the population had no money and little immediate prospect of obtaining any. A relief program was set going, that included free food for the destitute, and work for some forty thousand unskilled laborers in clearing the streets. Centers were opened to accommodate destitute people, and were run in cooperation with the Red Cross, the Salvation Army, St. John Ambulance, and other organizations. Used clothing was supplied by UNRRA. Relief was also provided for some 10,000 persons from China and Macao, and temporary relief for 2,300 UNRRA-sponsored repatriates bound from Australia, Manila, and elsewhere for the interior of China.

In contrast to the thousands of deaths from malnutrition under the Japanese, only two deaths during 1946 were attributable to starvation, and though food was scarce, there was no serious malnutrition.

HK\$5,000,000 (\$1,250,000) were spent by the Government on relief work during 1946. At the end of the year, plans were being considered for setting up a Social Welfare Sub-department of the Secretariat for Chinese Affairs, and an administrative officer was receiving special training in Britain in social welfare work.

LABOR

A Labor Office was established in 1938 as a sub-department of the Secretariat for Chinese Affairs. Since the end of the war, it has been set up as a separate and independent department. A Labor Advisory Board also existed before the war, and has now been reconstituted to represent the interests of European and Chinese employers and of Chinese labor. The duties of this Board are to advise the Government on labor matters and to negotiate with representatives of labor when disputes arise.

Existing labor legislation provides for the registration and inspection of factories, restriction on the employment of women and young persons, and the fixing of wages and working hours. At the end of 1946, further legislation was under consideration. This would provide for the registration of Trades Unions (guilds and societies, including labor guilds, have hitherto registered voluntarily with the Secretariat for Chinese Affairs), conciliation machinery, workmen's compensation (already under consideration in 1939), and means for giving effect to international conventions as they are ratified by Britain and applied to Hong Kong.

THE WAR AND THE LIBERATION

Even before the outbreak of war with Japan, it was evident that, from a military viewpoint, Hong Kong had become a liability rather than an asset. It came within the "status quo" area defined by the Washington disarmament treaties, so that its docks could not be enlarged to accommodate modern capital ships. But with the emergence of Japan as a strong naval and air power, and with the development by the Japanese of Formosa, Hong Kong's position became that of an isolated outpost within the Japanese zone of naval power and 1,445 miles away from Singapore, from which a battle fleet, had it been available, would have had to operate.

The military garrison consisted normally of four British and Indian Regiments with contingents of artillery and engineers. There was also a Volunteer Defense Corps, and in 1941 many Chinese volunteers joined the local defense forces. It was the headquarters of the Chinese Squadron of the Royal Navy.

The position of Hong Kong was, therefore, extremely vulnerable when, on December 7th, 1941, the Japanese launched their attack. For eighteen days the small garrison held out, but on December 25th the island fell before the powerful onslaught of the enemy.

During the three and a half years that Hong Kong remained in Japanese hands, there was never any doubt that the Chinese who remained in the colony were fundamentally loyal to the Allied cause. Parts of the New Territories were in the hands of Chinese guerrillas throughout the war, and passive resistance to every enemy enterprise was nicely calculated. Allied personnel escaping and evading capture were assured of assistance from the peasants in the New Territories, and Allied subversive organizations had no difficulty in securing the help of every class of Chinese in the Colony.

Japan's defeat was accepted by the local Japanese in Hong Kong some two weeks before Allied forces were able to reach the Colony. During this period, the former Colonial Secretary and many of his colleagues contrived to leave the camps where they had been imprisoned throughout the occupation, and set up an interim government.

On August 30th, 1945, British naval forces reoccupied Hong Kong, and the Japanese formally surrendered to Admiral Harcourt on September 16th. A military administration was established which lasted until civil government was restored on May 1st, 1946. Members of a small unit that had been working in London since 1943 on plans for the resumption of British administration reached Hong Kong in September 1945, and assumed senior posts dealing with civilian matters. Many former members of the administration who had been in prison camps throughout the occupation, deferred their repatriation to assist, with their experience and special knowledge, in the urgent work of rehabilitation.

CONCLUSION

The security of British rule was one of the most important causes of the prosperity of Hong Kong from its earliest days. Western commodities for the South China trade were stored in the colony, and it became the banking center for South China. Many Chinese preferred to deposit their money in Hong Kong, and in times of disturbance in China the inflow of funds increased. Foreign firms would insist on payment for their goods in Hong Kong currency which also circulated widely in China.

The Chinese have taken refuge in Hong Kong at all times of political and economic distress in their own country. In 1937 after the outbreak of the Sino-Japanese war, tens of thousands of refugees poured into Hong Kong. It was realized from the first that their presence would entail an additional strain on the administration and defense of the colony. But, from 1937 to 1941, the Government services, with the help of many voluntary organizations, did all in their power to house and maintain a population nearly twice its normal size. As soon as British administration was resumed after the Japanese occupation, another great influx of people from South China began, and had reached over a million and a half by the end of 1946. Among this number were returning business men and many who were starting commercial operations in Hong Kong for the first time.

The status of Hong Kong was not affected by the 1943 treaty relinquishing British extra-territorial rights in China. The island of Hong Kong and Kowloon are British territory, ceded to Britain in 1842 and 1860 respectively, and the lease of the New Territories is due to expire in 1997. Generalissimo Chiang Kai-shek has emphasized that the present status of Hong Kong is regulated by treaty between Britain and China, and that, if any changes are to take place in the future, these can only come through friendly negotiations between the two countries. The well-being of Hong Kong must clearly depend on Anglo-Chinese friendship, though where strategic interests are involved, other countries, too, may have an interest in the future of the colony.
